

BUDGET USER'S GUIDE

THE CITY OF BURBANK – A BRIEF OVERVIEW

The City of Burbank is a unique urban community, located in the heart of Los Angeles County (12 miles northwest of downtown Los Angeles), and nestled between the Hollywood Hills and the Verdugo Mountains. The City is one of the three older Los Angeles suburbs that comprise the "Tri-cities" of Burbank, Glendale, and Pasadena. There are approximately 7,300 business firms and public agencies located within the City which provide about 99,000 full-time jobs. The City covers 17.16 square miles. As of January 1, 2007, population is estimated to be 107,921 (as per the California Department of Finance), making it the 15th largest city in Los Angeles County.

Burbank continues to be home to one of the strongest entertainment areas in the country, if not the world. Burbank's continued commitment to the entertainment industry and the area's rejuvenation is accomplished in conjunction with some of the most famous names in the entertainment world: Walt Disney Studios, Disney Channel, Warner Bros., NBC, ABC, Nickelodeon Animation, Dick Clark Productions and the Cartoon Network. The Bob Hope Airport, with major airlines offering scheduled daily flights, plays a prominent role in fulfilling the air transportation needs of Burbank's residents and businesses, as well as surrounding communities. Other businesses and industries with a strong presence in Burbank include: manufacturing, retail, wholesale, real estate, banking/finance, hospital/medical facilities, automotive, hotels, office buildings, and public utilities. The Burbank Town Center (a major regional shopping and business center) opened in 1991 and continues to play a major role in helping to rejuvenate the City's downtown. The addition of the Burbank Empire Center in 2001 and the opening of the first phase of the Burbank Entertainment Village in 2003 further contributed to the City's growth as a major entertainment and retail attraction for Southern California.

However, the real pride and joy of Burbank is its residential community. While tourists will notice the theaters, nightlife, restaurants, office buildings, and studio backlots, Burbank residents praise their tree-lined neighborhoods, equestrian trails, well-kept roads, high-quality schools, innovative recycling programs, numerous parks and recreational facilities, outstanding police and fire services, and high-levels of general governmental services.

FORM OF GOVERNMENT

The City of Burbank is a full-service Charter City governed by the Council-Manager form of government. Residents elect the City Council members who in turn appoint the City Manager and City Attorney. The Council consists of five members and acts as the legislative body of the City. The City Council also serves as the governing bodies of the Burbank Redevelopment Agency, Burbank Housing Authority, Burbank Parking Authority, Youth Endowment Services (YES) Fund and Public Financing Authority. City Council members serve four-year terms with elections staggered every two years. The Mayor is chosen by the Council to serve as its presiding officer. Traditionally, the Mayor serves a one-year term. The City Treasurer and City Clerk are also elected at large for four-year terms.

Numerous advisory Boards, Commissions, and Committees assist the City Council in serving the Burbank community by identifying specific needs and problems within their realm of responsibility. Each Board, Commission, and Committee may also get involved in a wide-range of activities from fund-raising to reviewing City ordinances, to recommending major revisions to City programs. Each Board, Commission, and Committee meets on a regular basis and each meeting is open to the public. The length of member terms and when they are appointed varies.

The City Manager, who is appointed by the City Council, acts as the chief administrative officer responsible for the day-to-day operations of the City. The City Manager appoints all non-elected and non-Council appointed department managers. Each department manager is responsible for the day-to-day operations of their department. Each department manager selects her/his division managers as well as various support staff members. The goals and objectives of each department and their divisions/programs are discussed at the beginning of each department's budget section.

The City Attorney is appointed by the City Council to be the legal advisor to the City Council, Redevelopment Agency, Housing Authority, Parking Authority, YES Fund Board of Directors, and all other City officials. The City Attorney appoints all the attorneys on her/his staff. The goals and objectives of the City Attorney's Office are discussed at the beginning of the City Attorney's budget section.

The City of Burbank has a long-time reputation of providing excellent levels of services to its residential and business communities. The Police and Fire Departments provide some of the highest police, fire, and paramedic service levels in all of Southern California. Burbank offers outstanding recreational, cultural, educational, and social programs. The Community Development Department is very active in meeting diverse planning, zoning, housing, transportation, and economic development needs. The Public Works Department provides high levels of building maintenance, street maintenance, equipment maintenance, construction engineering, traffic control, signal and lighting maintenance, water reclamation, sanitary sewer maintenance, refuse collection and disposal, and recycling services. Burbank Water & Power provides a wide-range of electricity and water services, at the lowest feasible cost, to its consumers.

BUDGET PROCESS

BACKGROUND

Section 1005 of the Burbank City Charter mandates and sets forth the legal requirements for the preparation and adoption of the City budget. The Financial Services Department - Budget Division, prepares an annual Budget Manual providing detailed instructions and assistance to each department with respect to the preparation of their particular department budgets.

Burbank uses a combined program and line item budget format. This is designed to provide for a comprehensive management control and fiscal planning system. This format is aimed at achieving goals and objectives at the operational levels that are consistent with the City Council's policies and annual Work Program. The budgeting process is generally an incremental one which starts with a historical base budget. Requests for changes in appropriations are made at the departmental level and are initially compiled and reviewed by the Budget Division. The Executive Team (made up of the City Manager, Assistant City Manager and department managers) then reviews all of the requests. The Executive Team, under the direction of the City Manager, ensures that all budget decisions are in full accordance with stated City Council policies and all applicable federal, state, and local laws and regulations.

PREPARATION OF THE BUDGET DOCUMENT

Altogether, budget preparation takes approximately eight months. The Budget Division meets on a regular basis with departmental representatives as part of the budget preparation process. Departments begin preparing their budget requests/revenue estimates in January.

From January through March, the Budget Division and Executive Team carefully review, evaluate, and prioritize each department's budget submissions for new and additional services, positions, capital outlay, and capital improvement projects. The overall picture of estimated revenues and proposed appropriations is also carefully studied. Moreover, remaining mindful of public safety and legal requirements; adhering to the City Council's financial policies; as well as providing the most efficient, effective and economical service levels possible are major considerations throughout the budget process.

The Executive Team makes a final review of department budget requests. As soon as the final details are worked out and approved by the City Manager, a proposed Budget document is printed. The City Manager then presents a proposed Budget to the City Council and the public for review during the month of May. (Section 38 of the Charter requires that, "...on or before the first day of June, the City Manager shall prepare or have prepared, a proposed budget and submit it to the City Council with appropriate recommendations....").

Budget study sessions are held in May, culminating with public hearings, which occur typically in mid-June. The City Council may revise the City Manager's proposed Budget as it deems necessary. A majority vote is required to adopt the final Budget. The budget is adopted prior to July 1.

While there were no budget reductions required in the preparation of the FY 2007-08 budget, Departments were instructed to present a "no increase" budget and seek necessary additions only through the established process of Executive Team Review or through Discussion Papers to City Council.

BUDGET CALENDAR – SUMMARY

The following calendar highlights some of the key deadlines used for FY 2007-08:

January	Budget Kick-Off Meetings
February 2	Position requests, capital outlay, revenue estimates, Fee Schedule changes and department cutback scenarios submitted
February 23	Department summary worksheets and exception items submitted
March 2	Capital Improvement Program items submitted
March 12	Executive Team review of General Fund Balance; five-year financial forecast; position requests; capital outlay requests and departmental exception items
May 3	Proposed budget document distributed to Council, Executive Team and budget representatives
May 5	City Council study session to consider goals & priorities for upcoming fiscal year
May 8, 15, 22	City Council study sessions highlight departmental budgets including revenue projections, fee changes, new positions, capital purchases, and budgetary reductions
May 29	City Council considers funding options to carry out its goals and priorities
June 12	City Council holds public hearing on the proposed annual budget
June 19	Council adopts FY 2007-08 budget
September	Dissemination of adopted budget

BUDGET IMPLEMENTATION AND BUDGET TRANSFERS

Once the budget is adopted by the City Council, the responsibility of implementing each department's budget lies with each department manager, with ultimate responsibility resting with the City Manager. Department managers are expected to operate their departments within the appropriations established in the budget. Budget transfers or budget

amendments should be the exception rather than the rule and are discouraged. In certain cases, however, requests are considered where events have occurred which are unforeseen. In such cases, the City Manager may approve transfers within the same budget function. Transfers from unappropriated balances, another fund, or from another budget function must be approved by the City Council. (Further details with respect to budget transfers and amendments can be found in Administrative Procedure VIII-4.)

BUDGET ORGANIZATION

As indicated in the Table of Contents, the City of Burbank's Budget document consists of several sections. A corresponding tab page divides each section.

INTRODUCTORY SECTIONS

The City Manager's Budget Message to the City Council outlines the key contents of the budget. The fiscal health of all the fund types, as well as the City as a whole are also discussed.

The Budget User's Guide provides the reader with a brief overview and introduction to the City of Burbank as well as an explanation on how to understand, read, and use this Budget document.

The Budget Summaries section provides an easy-to-read overview of the City's expenditures/ expenses and various other financial matters.

The Revenues Section provides a more detailed overview of each fund's estimated revenue. It is important to note that the City's revenue estimates are fairly conservative and make assumptions based on actual experience and current knowledge of impending circumstances. Overall, the revenue estimates assume moderate and stable growth. Appropriations, in turn, are based on these assumed revenue increases.

DEPARTMENT BUDGET SECTIONS

These sections represent the main body of the Budget document. They contain the following department budgets: City Council, City Clerk, City Treasurer, City Attorney, City Manager, Management Services, Information Technology, Financial Services, Park, Recreation and Community Services, Library Services, Community Development, Public Works, Fire, Police and Non-Departmental.

SPECIAL REVENUE FUNDS SECTIONS

This section contains funds that provide “Special Revenue” activities. In most cases, these funds represent activities that are grant funded or provided for via specific user fees, charges, and taxes. These revenues are usually legally restricted to expenditures for specific purposes. Examples include: Proposition A--Transportation Fund (Fund 104); Proposition C--Transportation Fund (Fund 105); CDBG Fund (Fund 122); State Gas Tax Fund (Fund 125); and, Street Lighting Fund (Fund 129).

INTERNAL SERVICE FUNDS SECTION

This section contains the City's seven internal service funds: General Liability Insurance Fund (Fund 530); Workers Compensation Insurance Fund (Fund 531); Vehicle Equipment Maintenance and Replacement Fund (Fund 532); Office Equipment Maintenance and Replacement Fund (Fund 533); Municipal Buildings Maintenance Fund (Fund 534); Communications Equipment Maintenance and Replacement Fund (Fund 535); and, Computer Equipment Replacement Fund (Fund 537).

BURBANK WATER & POWER SECTION

This section contains the Burbank Water & Power (BWP) Fund budget. There are two Enterprise Funds within this section: Electric Fund (Fund 496) and Water Fund (Fund 497) responsible for managing the City's electric and water utilities.

ENTERPRISE FUNDS SECTION

This section contains the City's three Enterprise Funds: Water Reclamation and Sewer Fund (Fund 494); Golf Fund (Fund 495), and Refuse Collection and Disposal Fund (Fund 498).

REDEVELOPMENT AGENCY SECTION

Although the Redevelopment Agency's activities are administered by the Housing and Redevelopment Division of the Community Development Department, a separate budget section is prepared for the Redevelopment Agency because its policies are formulated by the Burbank Redevelopment Agency Board. The Board is separate from, and outside the control of, the City Council, although City Council Members also serve as Agency Board Members. The organization of this section is similar to the organization of any department section, as described above.

HOUSING AUTHORITY SECTION

Similar to the Redevelopment Agency, the Housing Authority activities are administered by the Housing and Redevelopment Division of the Community Development Department. Hence, a separate budget section is prepared for the Housing Authority since the Burbank Housing Authority oversees its activities, which is separate from, and outside the control of, the City Council, although City Council Members also serve as Authority Board Members. The organization of this section is similar to the organization of any department section, as described above.

PARKING AUTHORITY SECTION

The Public Works Department administers the Parking Authority's activities. A separate budget section is prepared for the Parking Authority since its activities are overseen by the Burbank Parking Authority, which is separate from, and outside the control of, the City Council, although the City Council Members also serve as Authority Board Members. The organization of this section is similar to the organization of any other department section.

CONCLUDING SECTIONS

Performance Measures, organized by department, are provided as a tool to measure effectiveness and efficiencies of City operations.

The Glossary of Budget Terms is provided to better familiarize the reader with some of the budgetary and financial vocabulary found throughout the Budget document. The Glossary also contains descriptions of all the fund types. Along with the budget terms and fund descriptions, a glossary of acronyms is included in this section as well.

The Appendix contains the following information to better assist and inform the reader: 1) Community Profile and Historical Timeline; 2) A map of the City; 3) Facts About Burbank; 4) A list of the City's Boards, Commissions, and Committees; 5) A revenue / appropriation comparison with other cities, and 5) A list of individual departments' Professional Services Agreements.

The Index provides specific constituents with a quick and easy-to-use reference to their particular area(s) of interest. The Index references every City department, division/program, section, special activity, and notable item of interest.

***THE ACCOUNTING SYSTEM, BUDGETARY
CONTROL, AND ADHERENCE TO THE CITY
COUNCIL'S FINANCIAL POLICIES***

The City of Burbank's accounting records are maintained in full accordance with Generally Accepted Accounting Principles (GAAP), as established by the Government Accounting Standards Board (GASB). Government fund types (General Fund, Special Revenue Funds, Capital Project Funds, and Debt Service Funds), Agency funds, and expendable trust funds are maintained via a modified accrual basis of accounting. Proprietary fund types (Enterprise and Internal Service Funds) and non-expendable trust funds are maintained via an accrual accounting basis.

The City Council is required to adopt an annual budget resolution by July 1 of each fiscal year for the General, Special Revenue (except for the Drug Asset Forfeiture), Debt Service and Capital Projects funds. The budgets are presented for reporting purposes, in accordance with GASB 34, on the modified accrual basis of accounting, which is consistent with generally accepted accounting principles. Under this method, revenues are recognized in the period they become measurable and available, while expenditures are recorded when incurred. Certain multi-year capital improvements and other projects are budgeted on a project – length basis. Additionally, appropriations for the Drug Asset Forfeiture fund occur based on actual cash receipts and do not lapse at year end. A comparison of these budgets with current year expenditures will not be meaningful, due to the multi-year nature of these projects.

The level of appropriated budgetary control is at the functional departmental level. The City Manager or Financial Services Director may authorize transfers of appropriations within a department function. Expenditures may not legally exceed total departmental appropriations. Supplemental appropriations during the year must be approved by the City Council by a majority vote. These appropriations, representing amendments to the budget during the year, could be significant in relationship to the original budget as adopted. As part of the budgetary control, City staff reports to the City Council on a quarterly basis to inform it of the financial condition at the close of the quarter. Generally, the City Council is presented with proposed budget adjustments after mid-year financial reports are complete. Unexpended or unencumbered appropriations lapse at the end of the fiscal year. Encumbered appropriations are re-appropriated in the next year's budget.

The City uses an "encumbrance system." Under this procedure, commitments such as purchase orders and contracts at year-end are recorded as reserved fund balance.

The City Council adopts budgets for the Enterprise and Internal Service funds. However, all Proprietary fund types are accounted for on a cost of service (net income), or "capital maintenance" measurement focus. As a result, budget comparisons are impractical. Additionally, the City is not legally mandated to report the results of operations for these Proprietary fund types on a budget comparison basis.

A carefully designed system of internal accounting and budgetary controls is used to ensure that revenues and expenditures/expenses are tracked and used as intended. These controls are designed to provide reasonable, but not necessarily absolute, assurance with respect to the reliability of financial and budgetary records for use in the preparation of financial statements as well as accountability for all City of Burbank assets. The concept of reasonable assurance recognizes that the cost of control should not exceed the benefits and that the evaluation of costs and benefits likely to be derived thereof require estimates and judgments by management. The system is reviewed as regularly as possible, and as required by law, by either internal audit staff and/or independent, certified public accountants.

In January 1996, the City Council unanimously approved a variety of revisions to the City's Financial Policies. These policies were originally adopted by the City Council in January 1990 as a means to ensure long-term fiscal stability. In most instances, the January 1996 revision fine-tuned, clarified, and/or strengthened the existing Financial Policies. Combined with the City Treasurer's formal Investment Policies, these Financial Policies serve as a solid foundation in guiding both elected officials and staff with respect to managing the City's resources. Continued adherence to these Financial Policies will help the City avoid operating practices which could have adverse financial consequences.

The most recent amendment took place in June 2005 when the City Council amended Financial Policy Numbers II, VI, VII, VIII, and XI. Changes and enhancements included formally adding The Budget Stabilization Fund, PERS Stabilization Fund, Utility Users Tax (UUT) & In-Lieu Tax (ILT) Set Aside Account, Pension Obligation Bond Reserve, and Reserve for Infrastructure Replacement to the Financial Policies; adding \$500,000 annually to the in-lieu of earthquake insurance reserve until \$10 million is accumulated for major disasters to City

Facilities; revision of operating reserves for Enterprise Funds; and adding Policy Number XII which defines methods and reasons for incurring debt.

CITY COUNCIL FINANCIAL POLICIES

- I. Maintain a designated General Fund working capital reserve equivalent to 15% of the General Fund's operating budget and a designated emergency reserve equivalent to 5% of the General Fund's operating budget.
- II. Maintain a balanced operating budget for all governmental funds with recurring revenues equal to or greater than recurring expenditures. Appropriations of available fund balance will only be permitted for "one-time" non-recurring expenditures.
- III. Assume that normal revenue inflation and/or growth will go to pay normal inflation expenditures. In no event will normal expenditure increases be approved which exceed normal revenue inflation and/or growth. Any new or expanded programs will be required to identify new funding sources and/or off-setting reductions in expenditures in other programs.
- IV. Require that all Enterprise Funds have revenues (customer charges, interest income, and all other income) sufficient to meet all cash operating expenses, depreciation expense, and prescribed cash reserve policies per financial policies as recommended for each enterprise activity. Additionally, each Enterprise Fund will maintain debt service coverage requirements set forth in any related bond covenants.
- V. Require that each Internal Service Fund which includes vehicles, equipment, and building maintenance have revenues, (City user charges, interest income, and all other income) sufficient to meet all cash operating expenses and depreciation expenses. The related revenues should also be sufficient to maintain cash reserves which provide sufficient cash to replace vehicles and equipment in accordance with replacement policies.
- VI. Maintain appropriate reserves in the Risk Management Self- Insurance Fund and the Workers' Compensation Self – Insurance Fund to meet statutory requirements and actuarially projected needs.

- VII. Maintain a general operating reserve which will support operations for each Enterprise Fund during times of financial emergencies. The amount of the general operating reserves will be determined based on a risk assessment of each Enterprise Fund.
- VIII. Maintain other Enterprise Fund reserves such as debt reduction and capital funding reserves, fleet replacement reserves, and general plant reserves (in addition to the general operating reserve and other reserves) as necessary and prudent for the operation of the specific Enterprise Fund. Such reserves will be reviewed as necessary during the annual budget process, or at least every two years.
- IX. Maintain a long-range fiscal perspective through the use of an annual operating budget, a five-year capital improvement plan, and a five-year financial forecast.
- X. Use long-term financing methods or cash accumulated in excess of policy requirements for major capital improvements and acquisitions. These improvements will be planned via the annual capital improvement plan process.
- XI. Issue bonds or incur other terms of indebtedness only for appropriate purposes and only if the debt service does not effect the City's ability to meet future operating, capital and reserve requirements.
- XII. Require each budget appropriation request to include a fiscal impact analysis.
- XIII. Comply with all the requirements of "Generally Accepted Accounting Principles."
- XIV. Strive to pay competitive market level compensation to our employees.

It must be stressed that the information presented in the Budget is not audited nor necessarily in full compliance with GAAP. The information presented in the Budget is designed to enhance management control and fiscal planning on a program-by-program basis and is not intended to directly correlate with the data presented in financial reports such as the Comprehensive Annual Financial Report--which is designed to provide a retrospective overview on a fund-by-fund basis.

EMPLOYEE COMPENSATION/BENEFITS

One of the City's financial policies is to "Strive to pay competitive market level compensation to our employees." Salary surveys with our comparison cities, (Anaheim, Glendale, Garden Grove, Huntington Beach, Inglewood, Long Beach, Pasadena, Riverside, San Bernardino, Santa Ana, Santa Monica, and Torrance) are made periodically to determine if Burbank employees' wages are at market levels. These surveys may be a part of multi-year labor agreements.

Each classification title within the City of Burbank has a corresponding salary range. As part of the budget preparation for salaries and benefits each year, range movement is programmed, if an employee is not at "top step," any approved cost of living adjustment (COLA) as per existing MOU's and merit pay. Each position eligible for merit is budgeted at 2.5%, with unrepresented employees at 3.5%, and Executives budgeted at 6%. Employees within the BCEA, BMA or unrepresented group may receive merit pay at the time of their annual evaluation or "spot awards." Executives are eligible to receive a merit bonus on a one-time basis provided there is a satisfactory employee evaluation on file with Management Services-Human Resources.

Retirement – The City is a member of the Public Employee Retirement System (PERS). These rates fall into three categories: Police Safety (3% @ 50), Fire Safety (3% @ 55) and Miscellaneous Members (2% @ 55). PERS has authorized alternative plans which an organization may bargain for. Employees in the PERS system are not covered by Social Security.

Like many agencies, the City has been experiencing increasing Public Employees Retirement System (PERS) costs due to investment losses and increasing benefits. In April 2005, the CalPERS Board approved an employer rate stabilization policy, which included spreading market value asset gains and losses over 15 years as compared to 3 years. Overall, this new, smoothing policy will result in less volatility in PERS rates from year to year. In fact, FY 2007-08 rates are similar to last year's.

	FY <u>2006-07</u>	FY <u>2007-08</u>	Proj. FY <u>2007-08</u>
Police Safety Group	17.349%	18.851%	18.5%
Fire Safety Group	12.563%	13.059%	12.8%
Miscellaneous Group	8.976%	9.339%	9.2%

Additionally, the City has begun to budget for the employer share of 2.4% in additional PERS costs as a result of the agreed upon Enhanced Retirement Benefit (2.5% @ 55) that will be effective in June 2008 for the City's miscellaneous group.

Flexible Benefits Plan – The City provides a specific dollar amount to each employee based on the employee's bargaining unit, to use toward the purchase of health insurance, dental insurance, life insurance, and other related benefits. Employees who have insurance coverage provided by a spouse can receive any unused amount as taxable compensation. Three firms currently provide Section 457 deferred compensation benefits to employees: Great West, ICMA and PERS.

Medicare – All newly hired employees contribute a portion of gross salary for Medicare coverage as determined by Federal regulations.

Section 125 Plan – Employees may also sign up for Section 125 benefits related to medical reimbursement or child care reimbursement during an open enrollment period. An exception to this would be a change in the family, such as the birth of a child.

Post-Retirement Medical Trust – In FY 2002-03, a retiree medical trust was established to provide partial funding for post-retirement medical expenses. Employees with 5 years of service are eligible to receive the benefits at the age of 58. Currently, each City employee contributes monthly towards this program, which is matched by a monthly City contribution.

Tuition Reimbursement – The City supports the continued education of its employees and offers a program that is negotiated with each bargaining unit. Any reimbursement must have the employee's supervisor's approval prior to course enrollment, and the student must satisfactorily pass the course to receive a percentage reimbursement.

Sick Leave – Full-time employees receive 8 hours of sick leave per month; for part-time employees this amount is pro-rated.

Vacation – Time is granted based on number of years of service to the City. For the most part, employees with less than five years earn two weeks vacation, from 5 – 15 years earn three weeks vacation, and employees working over 15 years earn four weeks vacation.

Universal Leave – The City has instituted a universal leave plan for unrepresented managers beginning in FY 2004-05. Rather than granting time in separate categories, such as vacation and sick leave, unrepresented managers will accumulate universal leave time on a monthly basis which they can use for any type of absence from work.

COST ALLOCATION PLAN

Every year, a cost allocation plan is prepared to identify the costs associated with providing certain services. These indirect charges reimburse the administration and overhead services provided by General Fund departments such as Financial Services, City Attorney and Information Technology. The full cost allocation plan delineates the basis of allocation by department and can include total operating budget (excluding capital and debt), the number of full-time equivalent positions per department; specific number of requests or hours of service provided, or percentage estimates provided by departments.

The City uses a “Double Step Down” method which allocates service costs to all departments and then allocates service costs only to operating departments below. The “Services of Other Departments-Indirect” account will be listed as a line item in the Enterprise Funds, Burbank Water & Power, Redevelopment Agency, Special Revenue Funds and Internal Service Funds budget sections.

PERFORMANCE MEASURES

Included towards the end of the budget document are the departmental Performance Measures. Performance Measures are used by the City to assess how efficiently and effectively programs and activities are provided and, determine whether organizational goals are being met.

Burbank began including Performance Measures in the Budget in Fiscal Year 2000-2001. In FY 2002-03 the departments spent a great deal of time revamping their current measures so that they are linked to both the City's Annual Budget and Work Program. These modifications allow the City's programs and services to be measured in such a way that the following may be ascertained: how well are our services being delivered; are planned accomplishments being met; are community problems being solved; and, are our residents/customers satisfied with the results. Since most of the measures have been in place for four fiscal years, the actual data from prior years

can now be reported and used as a gauge by which to project results for FY 2007-08.

SAMPLE BUDGET FORMAT

This budget document is formatted to create a reader friendly document, summarizing department, division and program expenditures while maintaining line item detail within each section.

Each division or program has a summary of total dollars and a corresponding line item detail page located within the department section. A Position Summary provides details as to budgeted positions over a three-year time frame.

The following page contains a sample budget format from the Aquatics Program in the Recreation Services Division of the Park, Recreation and Community Services Department. This sample budget format includes:

- ① This heading identifies the division, program and/or section discussed. Underneath the heading is the cost center (PR32 in this example) designation in the Oracle financial system.
- ② This section provides a brief descriptive overview of the division/program/section's mission as well as a description of some of its major activities.
- ③ Objectives
This section provides a list of some of the division/program's goals for the upcoming fiscal year, and is directly related to the City Council Work Program. While the budget for the fiscal year outlines what each department intends to do over the next twelve months, the Work Program acts as a tracking device designed to monitor the progress toward attaining these goals and objectives.
- ④ Changes from Prior Year and/or Budget Highlights
This section describes some of the major appropriations for FY 2007-08 and a discussion of changes from the prior year, explaining the variances, by expenditure, if any, which are projected to occur during the next fiscal year.

⑤ Division/Program Summary

This section identifies the division/program's total Staff Years, Salaries and Benefits, Materials, Supplies, and Services, and may include Capital Outlay, Capital Improvements, and Contributions to Other Funds. Totals for the actual 2005-06 Fiscal Year, the 2006-07 Fiscal Year Budget, the 2007-08 Fiscal Year Budget, and the change from the 2006-07 Fiscal Year budget are also provided in this section. A separate page lists specific line item details for each program.

SAMPLE BUDGET FORMAT

Recreation Services Division Aquatics Program ①

001PR32C

②

The Aquatics Program provides a seasonal comprehensive aquatic program for participants of all ages at the McCambridge Park and Verdugo Park 50-meter pool facilities.

③

OBJECTIVES

- Provide American Red Cross Learn-to-Swim lessons and aquatics fitness programs for all ages.
- Provide lap swimming and recreation swimming periods for over 20,200 participants.
- Coordinate and provide training programs for the American Red Cross life guarding and water safety instruction for over 10,600 participants.
- Coordinate and provide programming for youth swim teams.
- Coordinate and provide programming for youth

④

CHANGES FROM PRIOR YEAR

- Increases in salaries and Materials, Services and Supplies are offset by revenue from youth swim team and learn-to-swim classes.

⑤

PROGRAM SUMMARY

	EXPENDITURES 2005-06	BUDGET 2006-07	BUDGET 2007-08	CHANGE FROM PRIOR YEAR
Staff Years	6.835	6.875	7.171	0.296
Salaries & Benefits	\$ 246,667	\$ 219,412	\$ 231,145	\$ 11,733
Materials, Supplies, Services	16,693	17,086	21,818	4,732
TOTAL	<u>\$ 263,360</u>	<u>\$ 236,498</u>	<u>\$ 252,963</u>	<u>\$ 16,465</u>

OTHER USEFUL INFORMATION SOURCES AND FINANCIAL & BUDGET REPORTS

MAINFRAME COMPUTER SYSTEM

The City's mainframe computer system had provided on-line access to information on the City's complete budget and financial records system. This system was utilized to calculate salaries and benefits for each department.

The City of Burbank converted to the Oracle financial system in April 1999. All financial data previously available on-line through the mainframe system can now be viewed in the various modules as part of the software package. General Ledger balances can now be accessed through the Oracle system.

CITY COUNCIL WORK PROGRAM & BUDGET IN BRIEF

The Budget attempts to tie into each department's Work Program. Each department prepares Work Program reports at least once a year to provide the City Council and public with progress reports on its activities. The goals and objectives stated in the Budget are supposed to be derived from those stated in the Work Program reports. When used in conjunction with the Budget, Work Program reports help provide a more comprehensive and thorough measure of budget performance.

At the beginning of each fiscal year, a separate Work Program and Budget In Brief document is prepared. The first half of the document contains each department's Work Program (goals and objectives) for the upcoming year. The second half of the document contains a user-friendly summary of the adopted Annual Budget.

COMPREHENSIVE ANNUAL FINANCIAL REPORT (CAFR)

The CAFR is a detailed report that covers the financial statements for the City prepared in accordance with Generally Accepted Accounting Principles (GAAP) as promulgated by the Government Accounting Standards Board (GASB). This report, pursuant to GASB 34, includes an introductory section, the Independent Auditors' Report, and the Management's Discussion and Analysis (MD&A), which offers readers a narrative description as well as an analysis of the financial activity of the City for the fiscal year ended. The

report continues with the government wide statements, fund financial statements, and notes to the financial statements. Statements for major funds are then presented, followed by all non-major fund activity, internal service funds, and finally the statistical section. As part of the GASB Statement Number 34 Implementation, a Citywide valuation of infrastructure assets took place. Burbank began issuing the CAFR as of June 30, 2002 into the GASB Statement Number 34 format.

WATER AND ELECTRIC FUND FINANCIAL STATEMENT

This report is similar to the CAFR. However, it contains audited balance sheets, related statements of operations and retained earnings, and changes in financial position for only the Water and Electric Enterprise Fund.

CITYWIDE FEE SCHEDULE

The Citywide Fee Schedule provides a list of fees charged by the City for services provided to Burbank residents and businesses. A description of each type of fee and the dollar amounts are provided, as well as information detailing when the fee was last updated. The Fee Schedule is submitted to the City Council for approval as part of the annual public hearing and Budget adoption in June, and is published subsequent to its adoption. Any changes in fees adopted as part of the Fee Schedule go into effect on July 1.

Occasionally, the need to change a fee may take place prior to the annual budget adoption process. Departments may then submit a report to the City Council delineating the need for the fee revision, thereby amending the annual "Fee Resolution." In such cases, the amendment would be effective during the fiscal year and would be incorporated into the annual Fee Schedule.

CAPITAL IMPROVEMENT PROGRAM (CIP) BUDGET

The Capital Improvement Program (CIP) Budget is submitted to the City Council as a separate budget document in order to provide more detailed descriptions of both City and Redevelopment Agency capital improvement projects scheduled to take place over the next five years. A CIP project is defined as an addition or improvement to the City's infrastructure or public facilities. The Budget Division coordinates CIP preparation including review of fund cash flows to insure adequate

funding over the project life. Both the Budget Division and the Executive Team scrutinize and evaluate all CIP requests. CIP budget preparation deadlines and publication dates parallel those prescribed dates of the operating budget.

Funds that have designated capital improvement projects have dollar amounts summarized within this document. Many projects span multiple fiscal years and have multiple funding sources including grant funding, bond proceeds, internal service funds, and enterprise funds. Departments must submit a separate CIP Project Worksheet for each project to be undertaken. Special attention is paid to projects requiring General Fund dollars and typically reflect previously identified Council goals.

The CIP document is designed to give a readily understandable overview of the multi-year projects to which the City Council has made a long-term commitment. Due to multiple funding sources in many instances, capital improvement projects are presented in the following categories:

- Community Facilities
- Golf Course
- Low-Moderate Housing
- Municipal Facilities
- Park and Recreation
- Pedestrian Access & Roadway
- Redevelopment
- Refuse Collection & Disposal
- Transportation
- Wastewater
- BWP Electric Utility
- BWP Street Lighting
- BWP Magnolia Power Plant
- BWP Water Utility

Each project information sheet provides the project name, description, justification, coordinating department, project manager, account number, and the FY 2007-08 adopted appropriation, along with the proposed five-year project financing, which delineates funding sources and expenditure accounts and their respective (proposed) dollar amounts per fiscal year, as well as any ongoing operating and maintenance impact.

FOR MORE INFORMATION

Budget brochures provide a summary of the City's adopted revenues and appropriations, key City data and Council goals. A brochure is also available for the Proposed Budget in May. Brochures are available at City Hall, the Financial Services counter, at each of the City's three libraries, and on the City's website at www.ci.burbank.ca.us. Reference copies of the Budget are available at the libraries as well. Questions may be referred to Financial Services-Budget at (818) 238-5500 or visit the City's website.

RESOLUTION NO 27,484

A RESOLUTION OF THE COUNCIL OF THE CITY OF
BURBANK ADOPTING THE BUDGET FOR FISCAL
YEAR 2007-2008, AND MAKING APPROPRIATIONS
FOR AMOUNTS BUDGETED.

801-2
804-2

THE COUNCIL OF THE CITY OF BURBANK FINDS

A A proposed budget for the City of Burbank for the Fiscal Year commencing July 1, 2007, and ending June 30, 2008, was submitted to the Council, as required by Section 1005 of the City Charter and is on file in the City Clerk's Office

B Proceedings for the adoption of said budget have been duly taken

C The Council has made certain revisions, corrections, and modifications to said proposed budget, as in this resolution provided

THE COUNCIL OF THE CITY OF BURBANK RESOLVES

1 The proposed budget as herein amended is adopted as the budget of the City of Burbank for the Fiscal Year commencing July 1, 2007 and ending June 30, 2008

2 There is hereby appropriated from the General Fund Undesignated Fund Balance Account the amount of \$1,000,000 to fund the annual appropriation for infrastructure reserve fund

3 The Financial Services Director is authorized to use incremental wholesale electrical power sales revenue to offset associated incremental wholesale power purchase costs exceeding those provided for in this budget

4 To meet the year's receipts shown as coming from revenues of the Burbank Water and Power Department, an amount not to exceed two (2 0%) of the gross sales of electricity by said Department, exclusive of wholesale sales of electricity to other public or privately-owned utilities, shall be deposited or transferred to the Street Lighting Fund to pay bills incurred by the City for lighting its public streets and five percent (5 0%) of the gross sales of electricity and water by said Department, exclusive of wholesale sales to other public or privately-owned utilities, shall be deposited or transferred to the General Fund in-lieu of taxes.

5 The Financial Services Director is authorized to replenish the Emergency Reserve account (Ledger Account – 001 ND000 30001 1002) by an amount to make the balance equal five percent (5 0%) of the Fiscal Year 2007-2008 budget from projected surplus in the General Fund

6 The Financial Services Director is authorized to appropriate an amount to make the balance equal fifteen percent (15.0%) of the Fiscal Year 2007-2008 budget from the projected General Fund surplus for increasing the working capital reserves

7 The Financial Services Director is authorized to appropriate \$2,000,000 from the Fiscal Year 2007-2008 projected General Fund surplus to the Accrued Leave Payouts Absences account (001 ND000 60018)

8 The Financial Services Director is authorized to pre-pay the City's FY 2007-2008 PERS contributions of \$10,169,156

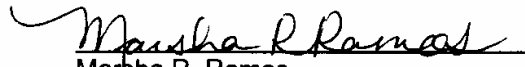
9 The proposed budget of the Redevelopment Agency of the City of Burbank for Fiscal Year 2007-2008, as approved by the Agency is adopted as the budget for the Fiscal Year ending June 30, 2008. The Executive Director is authorized to transfer appropriations between expenditure accounts listed in the proposed Fiscal Year 2007-2008 Annual Budget document, as circumstances may warrant

10 The City Manager is authorized and empowered to expend such sums for the purpose of such accounts, but no expenditure by any office or department for any item within a cost center shall exceed the amount budgeted therefor without the prior written consent of the City Manager

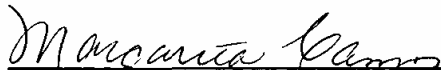
11 The City of Burbank has adopted Financial Accounting Standards Board (FASB) Statement No. 71 - *Accounting for the Effects of Certain Types of Regulation*, as applied to certain enterprise fund revenues

12 The Financial Services Director is authorized to make such other revisions, individual appropriation line-items, changes in summaries, fund totals, grand totals, and other portions of the budget document as necessary to reflect and implement the programs specified in this resolution, and in full accordance to the direction provided by the Council up until the adoption of this resolution

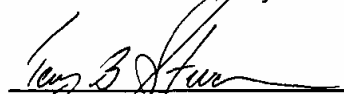
PASSED AND ADOPTED this 19th day of June 2007


Marsha R. Ramos
Mayor of the City of Burbank

Attest


Margarita Campos, CMC, City Clerk

Approved as to Form and Legal Content
Dennis A Barlow, City Attorney


By Terry Stevenson, Senior Asst City Attorney


STATE OF CALIFORNIA)
COUNTY OF LOS ANGELES) SS
CITY OF BURBANK)

I, Margarita Campos, CMC, City Clerk of the City of Burbank, do hereby certify that the foregoing Resolution was duly and regularly passed and adopted by a majority vote of the Council of the City of Burbank at its regular meeting held on the 19th day of June 2007, by the following vote:

AYES Council Members Bric, Golonski, Reinke and Ramos.

NOES Council Member Gordon.

ABSENT. Council Members None.


Margarita Campos, CMC, City Clerk

(This Page Left Intentionally Blank)

